

Department of State  
Washington 25, D. C.

TL:SR-78 \*  
January 21, 1959

STANDARDIZED REGULATIONS  
(Government Civilians, Foreign Areas)

To the Heads of Executive Departments and Establishments

SPECIAL NOTICE

From time to time the Department of State receives letters from employees assigned overseas who have experienced reductions in the rates of foreign post differential prescribed for their posts. Not infrequently, these letters contain charges that the reduction represents a "breach of faith" on the part of the employing agency because the individual accepted employment at the particular post on the basis of a specified amount of total compensation.

The Department of State believes that most employees are well prepared for their assignments abroad. I should like to emphasize, however, that no employee should receive a foreign assignment without a clear understanding of the basis for any foreign post differential that may be paid, and of the fact that differential rates, and indeed all allowances, are subject to change.

Your cooperation is asked in assuring that every office in your agency concerned with recruitment, placement, and counselling informs employees assigned to a foreign post that:

1. The differential is considered to be a salary bonus for service at one of the less desirable posts. As such, it is subject to income tax.
2. Differentials are determined upon criteria prescribed in law and Executive Order in accordance with which a differential can be authorized when, and only when, conditions of environment at a post differ substantially from conditions of environment in the United States; specifically when the post involves extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthful conditions.
3. All foreign assignments are considered to involve some difference in living conditions in comparison with living conditions in the United States. It is only when this difference involves hardship to a predetermined minimum that a 10 percent differential is warranted. Successively higher degrees of difference are reflected in rates of 15, 20, and 25 percent.

**State Dept. declassification & release instructions on file**

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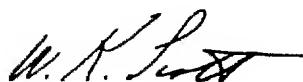
4. While the differential is provided as a recruitment and retention incentive for employees who will serve under conditions of unusual hardship, reviews must be made of the need to continue the benefit. With respect to foreign post differentials Executive Order 10,000 states:

"The Secretary of State shall periodically, but at least annually, review the places designated, the rates fixed, and the regulations prescribed...with a view to making such changes...as will insure that the payment of additional compensation... shall continue only during the continuance of conditions justifying such payment and shall not in any instance exceed the amount justified."

5. As periodic reviews indicate changes in living conditions, rates of differential may change. Gradual improvements at a post which are noted during these reviews may be insufficient to justify an immediate decrease but may accumulate to form the basis for a decrease at a later time. Such a decrease might take effect while an employee is enroute to his post or shortly after his arrival.

I believe that a wider understanding of the nature of the foreign post differential will be of mutual benefit to the employee and to the agencies.

For the Secretary of State:



W. K. Scott  
Assistant Secretary

\* TL:SR-77 will be released on or about February 7, 1959.

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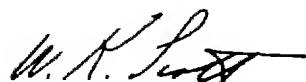
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